

## Message Text

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12

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 HUD-02 SCS-03 SCA-01 L-03

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FM AMCONSUL BREMEN

TO SECSTATE WASHDC 1077

INFO AMCONSUL MUNICH

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E. O. 11652: GDS

TAGS: EIND, GW, US

SUBJECT: US LAND SALES

REFERENCE: STATE 036297

1. ON MARCH 9,1973 MR. GEORGE ENGELKE AND HIS SON WULF DISCUSSED THEIR COMPLAINTS AGAINST THE FIRM OF ROSEN AND SON WITH CONSULAR OFFICER. THE SON WULF ENGELKE DID THE TALKING, HIS FATHER INDICATING ASSENT FROM TIME TO TIME. SUMMARY OF YOUNG ENGELKE'S NARRATIVE AS PRESENTED IS IN FOLLOWING SECTION; AT PRESENT STAGE OF INVESTIGATION MUCH OF WHAT HE SAID IS ALLEGATIONS.

2. WULF ENGELKE INDICATED THAT ROSEN AND SON OPENED APPROXIMATELY 30 OFFICES IN GERMANY IN MAY 1970 TO SELL STOCK IN A LAND DEVELOPMENT CORPORATION OWNED BY ROSENS. MILLIONS OF DOLLARS WERE EXPENDED AND THE NAMES OF SEVERAL PROMINENT GERMAN POLITICIANS USED FOR PUBLICITY AND SALES PURPOSES. WULF ENGELKE HIMSELF WAS HIRED BY THE ROSEN FIRM.

3. ACTING ON THE ASSUMPTION THAT ROSEN AND SON COMPANY STOCK WAS A GOOD INVESTMENT, HE INVESTED SIZABLE SUMS OF HIS OWN AND FATHER'S MONEY. SUBSEQUENTLY YOUNG ENGELKE DETERMINED THAT THE CORPORATION'S FINANCES WERE SHAKY AND TRAVELED TO LUXEMBOURG, HEADQUARTERS OF ROSEN AND SON, TO INITIATE A SELL ORDER ON BEHALF OF HIMSELF, HIS FATHER AND OTHER INVESTORS.

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WHAT PROMPTED THIS ACTION WAS THAT THE GERMAN GOVERNMENT HAD GRANTED TEMPORARY PERMISSION FOR THE SALE OF SHARES BUT NOT PERMANENT SALES RIGHTS.

4. THE VICE PRESIDENT OF THE BANK HANDLING ROSEN AND SON COMPANY STOCK IN LUXEMBOURG CONVINCED YOUNG ENGELKE THAT PERMANENT RIGHT TO SELL WOULD BE GRANTED BECAUSE OF THE ROSENS' CONTACTS WITH INFLUENTIAL GERMAN POLITICIANS AND THUS THE CORPORATION'S FUTURE NEVER LOOKED BETTER. AS A RESULT ENGELKE AND HIS GROUP WITHDREW THEIR SELL ORDER. IT WAS SUBSEQUENTLY DETERMINED THAT THE VICE PRESIDENT OF THE BANK WAS IN THE PAY OF MR. ROSEN.

5. A WEEK LATER THE GERMAN GOVERNMENT DENIED PERMANENT SALES PERMISSION AND THE BOTTOM FELL OUT OF THE SHARES' VALUE. ROSEN AND FRIENDS STRUCK TENT AND DEPARTED FOR HOME ( US). FOLLOWING UPROAR CREATED BY ENRAGED STOCKHOLDERS THE ROSENS OFFERED TO EXCHANGE A PERCENTAGE OF STOCK SHARES FOR REAL ESTATE LOTS WHICH THE ROSENS OWNED IN A NEVADA REAL ESTATE DEVELOPMENT FIRM. MANY OF THE INVESTORS, INCLUDING THE ENGELKES, TOOK THIS OPPORTUNITY TO REALIZE AT LEAST SOME SAVINGS ON THEIR INITIAL INVESTMENTS. THEY RECEIVED A NUMBER OF LOTS OF LAND IN THE DEVELOPMENT WITH A CLAUSE EXEMPTING THEM FROM TAX THROUGH 1975. SUBSEQUENTLY THE ENGELKES BEGAN TO RECEIVE TAX BILLS IN SPITE OF WRITTEN GUARANTEES FROM THE DEVELOPMENT FIRM OF THE NON- TAX CLAUSE.

6. AT PRESENT SOME OF THE INVESTORS STILL HOLD THE ORIGINAL SHARES IN A FIRM WHICH THE ROSENS SUBSEQUENTLY SOLD TO ANOTHER REAL ESTATE DEVELOPMENT COMPANY. OTHERS OWN LOTS IN THE ROSEN DEVELOPMENT IN NEVADA. ANOTHER GROUP SETTLED WITH THE ROSENS BY TURNING IN THEIR SHARES AGAINST UNDETERMINED AMOUNTS OF CASH. END OF NARRATIVE.

7. SINCE MR. WULF ENGELKE IS A RESIDENT OF MUNICH (3 CRAILSHEIMSTRASSE, 8 MUNICH 40) AND WAS ONLY IN BREMEN FOR THE AFTERNOON TO VISIT UPON THE OCCASION OF HIS MOTHER'S BIRTHDAY, HE WAS UNABLE TO COMPLETE THE DETAILED SWORN STATEMENT WHICH HE DESIRED. HE STATED THAT IN VIEW OF THE TIME IT WOULD TAKE TO MAKE THE STATEMENT, HE WOULD PREFER TO DO THIS AT THE CONSULATE GENERAL IN MUNICH. WE CONCURRED WITH HIS REQUEST AND ADVISED HIM TO VISIT THE CONSULATE GENERAL IN MUNICH AT LIMITED OFFICIAL USE

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HIS EARLIEST CONVENIENCE. MR. WULF ENGELKE ADDITIONALLY STATED

THAT HE HAD OVER A HUNDRED PIECES OF CORRESPONDENCE  
WITH THE VARIOUS PARTIES CONCERNED AND HE WOULD MAKE THESE  
AVAILABLE IN MUNICH TO BE PHOTOSTATED FOR WHATEVER PURPOSE  
DEEMED NECESSARY.

8. ENGELKE KNEW OF NO CURRENT INDICTMENTS OR OTHER LEGAL  
ACTIONS PENDING AGAINST THE ROSENS IN GERMANY.

9. REFTTEL HAS BEEN REPEATED TO MUNICH. SULLIVAN

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\*\*\* Current Handling Restrictions \*\*\* n/a

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